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C O N F I D E N T I A L SECTION 01 OF 03 LONDON 03384

E.O. 11652: GDS

TAGS: PINS, UK

SU/BJ: ONE YEAR IN THE LIFE OF MARGARET THATCHER

1. SUMMARY: MARGARET THATCHER HAS HAD TWELVE GOOD MONTHS AS LEADER OF THE CONSERVATIVE PARTY. SHE HAS DEMONSTRATED SKILL AND SURENESS IN REINVIGORATING THE PARTY, CONSOLIDATING HER POSITION AS LEADER, AND, AFTER A SLOW START, IMPROVING HER OWN PERFORMANCE AND THAT OF HER CONSERVATIVE COLLEAGUES IN PARLIAMENT. SHE HAS GAINED THE ENTHUSIASTIC SUPPORT AND LOYALTY OF THE PARTY AS A WHOLE. INCREASINGLY, SHE IS A CREDIBLE POTENTIAL PRIME MINISTER. END SUMMARY.

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2. THERE ARE SEVERAL HIGH POINTS IN THE FIRST 12 MONTHS OF MARGARET THATCHER'S LEADERSHIP OF THE CONSERVATIVE PARTY. THE YEAR STARTED OFF WITH A WAVE OF ADMIRATION FOR HER COURAGE AND DETERMINATION IN PUTTING HERSELF FORWARD AS A CHALLENGER TO TED HEATH, AND THEN FOR HER VICTORY ON THE SECOND BALLOT AFTER HEATH WITHDREW. THROUGHOUT THE ENSUING YEAR HER LEADERSHIP HAS BEEN "SLOW BUT SURE". PRUDENTLY, SHE INCLUDED MOST OF HER RIVALS ON THE SECOND BALLOT IN HER SHADOW CABINET; SHE ATTEMPTED TO PROVIDE REPRESENTATION TO THE MANY STRANDS OF OPINION WITHIN THE PARLIAMENTARY PARTY, RESURRECTING SOME OLD FACES AND INTRODUCING SOME NEW. SHE WAS LEAST SUCCESSFUL IN HER FIRST CABINET-MAKING IN RETAINING ANY OF THE PRO-HEATH SENTIMENT, AND HEATH SUPPORTERS CONTINUED THROUGHOUT THE YEAR TO SHOW RESERVE ABOUT HER LEADERSHIP. SOME OF THESE SUPPORTERS AMALGAMATED IN THE TORY REFORM GROUP UNDER THE INSPIRATION OF PETER WALKER, DAVID KNOX AND NICHOLAS SCOT

3. MUCH OF THIS RESERVE WAS FINALLY DISPELLED IN THE ANNUAL PARTY CONFERENCE IN BLACKPOOL WHERE SHE WAS ACCORDED THE SUPPORT OF THE WIDER PARTY. PRO-HEATH SENTIMENT WAS SEEN TO HAVE DECLINED CONSIDERABLY. BLACKPOOL MARKED THE FIRST PUBLIC MEETING BETWEEN HEATH AND THATCHER, WHICH WAS ENGINEERED BY HER SUPPORTERS IN FRONT OF THE TV CAMERAS. HEATH'S BACKSTAGE PERFORMANCE DID HIM LITTLE CREDIT AND IMPROVED HER OWN STANDING. THE BLACKPOOL RECEPTION ACCORDED HER WAS SIMILAR TO THE TRIUMPHAL RECEPTION SHE HAD RECEIVED AT THE SCOTTISH PARTY CONFERENCE AND WAS GOOD BOTH FOR HER IMAGE AS WELL AS HER SELF-CONFIDENCE.

4. THE RECENT RECEPTION GIVEN HER BY THE YOUNG CONSERVATIVE CONFERENCE IN SCARBOROUGH MARKED A FURTHER STAGE IN HER ACCEPTANCE. PARTICULARLY GRATIFYING BECAUSE OF THE YOUNG CONSERVATIVES' LONG-STANDING, CURIOUS LOVE-AFFAIR WITH HEATH. IT WAS NOTEWORTHY THAT MERE MENTION OF THE TORY REFORM GROUP BROUGHT HISSES FROM THE CONFERENCE DELEGATES.

5. ON THE MORE PRACTICAL POLITICAL LEVEL, THATCHER DECID-
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ED TO INVOLVE HERSELF DIRECTLY IN THE FIRST BY-ELECTION OF THE NEW PARLIAMENT (WOOLWICH WEST) WHERE HER WALK-AROUNDS AND STATEMENTS HELPED HER AS WELL AS THE VICTORIOUS CONSERVATIVE CANDIDATE. SHE HAS ALREADY ANNOUNCED HER INTENTION TO PARTICIPATE WIDELY IN THIS MONTH'S THREE BY-ELECTIONS, WHERE CONSERVATIVE VICTORIES, AND EVEN JUST A GOOD SHOWING AGAINST LABOR IN COVENTRY, SHOULD REDOUND

TO HER CREDIT.

6. IN HER PARLIAMENTARY PERFORMANCE, THATCHER FACES A
FORMIDABLE OPPONENT ACROSS THE BOX. SHE HAS LEARNED QUICK-
LY AND HER PERFORMANCE SHOWS MORE SELF-CONFIDENCE AND
A GRADUAL IMPROVEMENT' BUT IN HER EXCHANGES WITH THE
PRIME MINISTER' SHE SCORES ONLY OCCASIONALLY, AND FREQUER-
TLY COMES OFF SECOND BEST. SHE HAS' HOWEVER, PUSHED CON-
SERVATIVE FRONTBERCHERS TO BETTER PERFORMANCES, NOTABLY
SIR GEOFFREY HOWE AND DAVID HOWELL ON ECONOMICS; MICHAEL
HESELTIRE ON INDUSTRY; NORMAN FOWLER ON SOCIAL SERVICES;

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AND SALLY OPPERHEIM ON CONSUMER AFFAIRS. SHE RECENTLY RE-SHUFFLED HER SHADOW CABINET SLIGHTLY TO INTRODUCE JOHN BIFFEN TO THE FRONT BENCH, AND GIVE THEM AND NORMAN FOWLER NEW RESPONSIBILITIES. SHE HAS ALSO BROUGHT ADDITIONAL TALENT INTO HER PRIVATE OFFICE (MPS A.AM 3UTLER AND JOHN STANLEY).

7. MRS. THATCHER HAS ENJOYED WHOLE-HEARTED SUPPORT FROM HER WHIPS, WHO WERE RECENTLY ABLE TO PRODUCE THE HIGHEST POSSIBLE CONSERVATIVE VOTE AGAINST THE DOCKS WORK BILL AND, ALMOST ON THE FIRST ANNIVERSARY OF HER BEING CONFIDENTIAL

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ELECTED LEADER, A SLAP IN THE FACE FOR INDUSTRY SECRETARY VARLEY, AND DEFEAT OF A GOVERNMENT-SUPPORTED PRIVATE MEMBERS BILL. THESE ACTIONS, WHILE OF LITTLE SIGNIFICANCE THEMSELVES, HAVE BOOSTED CONSERVATIVE FIGHTING SPIRITS IN THE COMMONS AND QUIETED CRITICISM ABOUT THE INEFFECTIVENESS OF THE PARTY IN OPPOSITION.

8. MRS. THATCHER HAS ALSO HAD SOME SUCCESS IN THE REALM OF FOREIGN AFFAIRS THROUGH HER HIGHLY-PUBLICIZED VISITS ABROAD (U.S., MIDDLE EAST, TURKEY AND BRUSSELS). IT IS TOO MUCH TO SAY THAT SHE HAS ESTABLISHED HERSELF AS AN AUTHORITY IN FOREIGN AFFAIRS, BUT THE PUBLICITY ACCORDED HER VISITS ABROAD HAS HELPED HER IMAGE.

9. IN THE MEDIA MRS. THATCHER CONTINUES TO MAKE NEWS. HER SPEECH ATTACKING THE GOVERNMENT'S DEFENSE CUTS, FOR EXAMPLE, WAS GIVEN A GREAT DEAL OF ATTENTION BY THE BRITISH MEDIA EVEN BEFORE ITS DENUNCIATION BY THE KREMLIN. SHE IS FOLLOWED ON HER TRIPS INSIDE AND OUTSIDE OF BRITAIN BY A RETILUE OF REPORTERS AND CAMERAMEN, AND SHE IS ACCORDING TO QOME PARTY OFFICIALS, NOW RUNNING THE RISK OF TOO MUCH EXPOSURE. SHE HAS BEEN EFFECTIVE IN TV INTERVIEWS, PROJECTING AN IMAGE OF SELF-ASSURANCE, POISE AND CONTROL, BUT WITHOUT MUCH WARMTH OR HUMOR.

10. THOUGH HEP FIRST 12 MONTHS HAVE BEEN HIGHLY REWARDING IN ESTABLISHING MRS. THATCHER'S LEADERSHIP OF THE CONSERVATIVE PARTY, THERE ARE SOME PROBLEMS ON THE HORIZON STILL TO BE MASTERED. SHE STILL HAS A LINGERING PROBLEM, THOUGH OF CONSIDERABLY DIMINISHED PROPORTIONS, IN THE STANCE OF FORMER CONSERVATIVE LEADER HEATH. HEATH APPEARS TO BE PLAYING A CURIOUS ROLE -- EVIDENTLY PREFERRING TO REMAIN IN THE HOUSE ON THE BACKBENCHES WHERE HIS SPEECHES DRAW GREATER ATTENTION AND COMMENDATINN THAN THEY DID WHEN HE WAS LEADER. THERE IS CONSIDERABLE SPECULATION

ABOUT HIS LONG-RANGE OBJECTIVES, AND THE QUESTION IS CONTINUALLY BEING RAISED AS TO WHETHER HE REALLY THINKS HE MIGHT BE RETURNED AS LEADER ONE DAY. HE REPRESENTS TO MRS. THATCHER THE SAME KIND OF THREAT AN EXPERIENCED UNDERSTUDY DOES TO THE STAR OF A RUNNING SHOW: A POSSIBLE FOCUS FOR DISAFFECTION, A POSSIBLE REPLACEMENT, BUT NOT CONFIDENTIAL

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A REAL THREAT IF THINGS CONTINUE TO GO WELL.

11. WITH DUE CONSIDERATION FOR THATCHER'S ACHIEVEMENT IN CONSOLIDATING THE PARTY BEHIND HER AND IN ATTRACTING POPULAR SUPPORT AND ATTENTION OUTSIDE THE PARTY, SHE FACES AN ALMOST INSURMOUNTABLE TASK OF OVERTHROWING THE LABOR GOVERNMENT. LABOR NOW HOLDS A MAJORITY OF 41 VOTES OVER THE CONSERVATIVES. (THE MARCH BY-ELECTIONS WILL CHANGE THIS ARITHMETIC SLIGHTLY.) IF A GENUINE VOTE OF CONFIDENCE ISSUE ARISES IN PARLIAMENT, THE CONSERVATIVES WOULD HAVE TO OBTAIN THE COMPLETE SUPPORT OF ALL OTHER POLITICAL PARTIES, MANY OF WHOM OFTEN VOTE WITH LABOR, AND EITHER ABSENCES OR DEFECTIONS FROM THE LABOR BENCHES. FROM A TACTICAL STANDPOINT THATCHER IS PROBABLY RIGHT IN CONTINUING TO STRESS HER DETERMINATION TO FORCE AN ELECTION, BUT SHE IS HIGHLY REALISTIC AND KNOWS THIS IS NOT LIKELY TO ARISE AT THE MOMENT.

12. THATCHER HAS CONSISTENTLY ENDURED WILSON'S JIBES ABOUT THE ABSENCE OF CONSERVATIVE ALTERNATIVE POLICIES, PARTICULARLY IN THE ECONOMIC FIELD, WITHOUT RISING TO THE BAIT. THIS HAS BEEN WISE IN THAT CONSERVATIVES HAVE BEEN ABLE TO ATTACK GOVERNMENT POLICIES RATHER THAN FORCED TO DEFEND CONSERVATIVE ONES IN PARLIAMENT. IT HAS ALSO BEEN WISE DURING THE 12 MONTHS OF CONSOLIDATION TO GO SLOWLY IN FORMULATION OF CONSERVATIVE POLICIES ON POTENTIALLY DIVISIVE ISSUES. HOWEVER, THATCHER HAS ESTABLISHED A NUMBER OF POLICY COMMITTEES WHICH ARE WORKING QUIETLY TO DEVELOP A BROAD CONSENSUS ON POLICY ISSUES WHICH WOULD PERMIT THE PARTY TO COME FORTH AT ELECTION TIME WITH A MANIFESTO ON POLICIES BROADLY CONCEIVED AND SUPPORTED. TO WHAT EXTENT THIS WORK WILL BE FINISHED IN TIME FOR THE

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1976 CONFERENCE IN BRIGHTON IS NOT YET CLEAR. NONE OF THE PARTY STRATEGISTS EXPECTS A GENERAL ELECTION WILL ARISE UNTIL 1977 AT THE EARLIEST.

13. THE TWO 1974 ELECTION DEBACLES LEFT THE CONSERVATIVE PARTY WITH A DAMAGING REPUTATION FOR NOT BEING ABLE TO WORK WITH THE TRADE UNIONS. MRS THATCHER INHERITED THIS BURDEN AND IS NOW BEGINNING TO ATTACK THE MYTH HEAD ON. SHE HAS MANUEVERED THE UNIONS INTO RE-CONFIRMING PUBLICLY THAT THEY WILL WORK WITH WHATEVER POLITICAL PARTY IS IN POWER. SHE HAS PUT NEW EMPHASIS ON THE SUPPORT THE CONSER-
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VATIVES HAVE ALWAYS RECEIVED FROM RANK-AND-FILE TRADE UNION MEMBERS. PARTY MEMBERS ARE BEING URGED TO PARTICI-

PATE ACTIVELY IN MEETINGS OF THEIR UNIONS AND THERE IS A SERIOUS ATTEMPT TO REVITALIZE THE PARTY'S TRADE UNION NATIONAL ADVISORY COMMITTEE (TUNAC).

14. AFTER BEGINNING HER TASKS MODESTLY AND YET FIRMLY, MARGARET THATCHER HAS ESTABLISHED HERSELF AS LEADER OF THE PARTY AND OF ITS MEMBERS IN PARLIAMENT. SHE NOW COMMANDS THE LOYALTY OF THE PARTY AND IS WIDELY RESPECTED BY CONSERVATIVES FOR HER ABILITY, HER WILLINGNESS TO WORK LONG AND HARD AND HER READINESS TO LISTEN AND LEARN. WITH THE PUBLIC AT LARGE, SHE HAS SUCCESSFULLY OVERCOME THE INITIAL SKEPTICISM SHE AROUSED AS A WOMAN TORY LEADER: WE SUSPECT SHE HAS BEEN LESS SUCCESSFUL IN GAINING THE AFFECTION OF THE PUBLIC THAN ITS RESPECT, AND SHE CONTINUES TO MAKE FEW CONCESSIONS TO GAIN POPULAR FAVOR. UNDER TV GRILLING, THE POISE AND ICE ARE FORMIDABLE AND SHE INSISTS ON HAVING HER SAY WITHOUT DOMINATION BY THE INTERVIEWER. THE MEDIA CAN TURN HER INTO A PRIM, HUMORLESS, SOMEWHAT WOODEN SCHOOL-MARM, BUT ON THE STREETS, SPEAKING TO AUDIENCES, RESPONDING TO PRESS CONFERENCES, SHE IS DIFFERENT: EXCEPTIONALLY QUICK, SENSITIVE TO NUANCE AND MOOD, WITTY AND VIBRANT.

15. MARGARET THATCHER'S FIRST TWELVE MONTHS AS LEADER HAVE BEEN REASONABLY SUCCESSFUL. THE PARTY IS IN FAR BETTER SHAPE THAN IT WAS WHEN SHE TOOK OVER THE LEADERSHIP. ACCORDING TO REPORTS, CONSERVATIVE ORGANIZATIONS ARE ATTRACTING INCREASING SUPPORT ON THE CAMPUSES, THEY HAVE MARKED UP A FEW NOTABLE SUCCESSES IN LOCAL ELECTIONS (EVEN IN SCOTLAND) AND IN THE ONE PARLIAMENTARY BY-ELECTION TO DATE, PARTY HEADQUARTERS SEEMS TO HAVE BEEN REVITALIZED AND MORALE IS MOVING UPWARD THROUGHOUT THE PARTY. REPORTEDLY, FINANCIAL BACKING IS AGAIN AVAILABLE TO CARRY OUT PARTY ACTIVITIES.

16. THE PARTY'S STRATEGY FOR THE REST OF 1976 WILL BE TO CONTINUE TO CHIP AWAY AT GOVERNMENT POLICY WHENEVER POSSIBLE AND, ASSUMING FAVORABLE RESULTS IN THE COVENTRY BY-ELECTION, TO DEFEAT GOVERNMENT PROGRAMS IN PARLIAMENTARY

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COMMITTEES. AT THE SAME TIME, THE PARTY WILL CONTINUE TO SEARCH FOR ACCIDENTAL SITUATIONS IN PARLIAMENT TO DAMAGE OR EMBARRASS THE GOVERNMENT.

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